



WASHINGTON STATE
GAMBLING COMMISSION

Field Operation Rule Interpretation

Question: What happens if a taxing authority (like IRS) seizes progressive jackpot or player supported jackpot funds from a card room?

CITE: WAC 230-40-805 – Progressive jackpot prizes-House banked
WAC 230-40-610 – Player supported jackpots – Restrictions – Manner of
Conducting - Approval

SUMMARY

Issue:

A card room licensee has its progressive jackpot funds or player supported jackpot funds seized by the IRS or other taxing authority. Can they continue operating the card game? What actions will Commission staff take?

Reasoning:

WAC 230-40-610 states the licensee acts only as the custodian of player-supported jackpot funds and maintains no legal interest. It also requires all funds be awarded as prizes. WAC 230-40-805 states house banked progressive jackpot prizes which are advertised or displayed in any manner are deemed to be funds in which the players have a vested interest. It also has specific conditions for removing a game from play which require the funds be awarded as prizes or donated to the Council on Problem Gambling.

Decision:

Player supported jackpot games (non-house banked) – In the event a taxing authority seizes jackpot funds the licensee must immediately cease offering the jackpot and collecting additional funds for it until all funds have been replaced in the bank account.

Progressive jackpot game (house banked) – In the event a taxing authority seizes jackpot funds the licensee must immediately cease operating the progressive game and collecting funds for it until the amount that was displayed as the prize has been replaced in the bank account. Reserve or secondary funds that were seized may either be replaced or recorded as gross receipts.

Commission agents will normally give card room operators 30 days to replace missing funds before beginning administrative action. Agents may take immediate action if the facts and circumstances warrant (i.e., licensee's history of violations.)

Approved:

Cally Cass
Cally Cass, Assistant Director
Washington State Gambling Commission

Date:

7/15/05